

FISCAL NOTE

HB 3226 - SB 3250

March 4, 2004

SUMMARY OF BILL: Exempts community fairs, county fairs, district fairs, division fairs and the fair boards and civic organizations that organize and promote such fairs from filing requirements imposed on charitable organizations which intend to solicit contributions.

Current law requires every charity that intends to solicit or obtain contributions solicited from or within this state to register with the Secretary of State and defines a *contribution* to include a payment given in consideration of a performance or show of any kind which is advertised or offered in conjunction with the name of the charity. Therefore, under current law, a *fair board* and *civic organization* that conducts a community, county, district or division fair may be required to register pursuant to T.C.A.48-101-501 et seq.

Current law defines community, county, district or division fair as follows:

- *Community fair* means a fair serving an area of less than an entire county, at which are exhibited, in a manner satisfactory to the Commissioner of Agriculture, with cash premiums being paid to the exhibitors thereof, agricultural products produced in the area served;
- *County fair* means a fair serving an entire county;
- *District fair* means a fair serving at least five counties but less than an entire grand division of the state and paying not less than a minimum of \$7,000 in cash premiums; and
- *Division fair* means a fair serving a major region of the state and paying more than \$20,000 in premiums.

ESTIMATED FISCAL IMPACT:

Decrease State Expenditures - Not Significant

Decrease State Revenues - Less than \$20,000

Estimate based on the following:

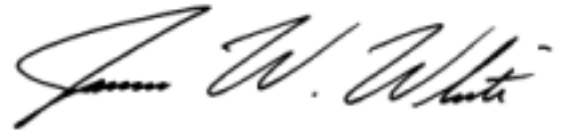
- Decrease in state expenditures from mailing fewer notifications to fewer civic organizations that no longer would be required to register with the Secretary of State. However, such decrease is estimated to be not significant.
- Decrease in state revenues from the loss of a registration fee from such civic organizations that no longer are required to file. The Internal Revenue Code exempts *civic organizations* and *fair boards* from taxation pursuant to I.R.C. 501c(4). At present, one-hundred twenty (120) 501c(4)'s register their fundraising activities with the Secretary of State and pay a registration fee of approximately \$300 each.

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- Since such organizations are not required to disclose the type of fundraising activities they intend to conduct (dinners, fairs, etc.), the total number of organizations which hold fairs as a part of their fundraising activities cannot be determined.
- However, it is assumed that 50% of the 501c(4) organizations would be exempt from registration under the bill. Therefore, the decrease in state revenues is estimated to be approximately \$18,000 due to the revenue loss from the registration fee from an estimated 60 organizations.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director